

An Overview of LAKE County's 2007 Annual Trending February 29, 2008

The following activities occurred in the various townships as described to facilitate the annual adjustment process in Lake County for 2007:

Step 1: Re-Delineation of Neighborhoods

North TWP: All commercial and industrial neighborhoods were comprehensively redelineated based on either geographic location and/or property use. Preliminary analysis based on prior neighborhoods indicated that significant revisions were required and numerous pricing inconsistencies existed. After assigning each parcel to the new neighborhood code, base rates were developed for all classifications. Application of influence factors shall continue until the assessment data is rolled to the Auditor. Residential neighborhoods received minor additional stratification.

Calumet TWP: All commercial and industrial neighborhoods were comprehensively redelineated based on either geographic location and/or property use. The "under one acre" adjustments previously in place often placed extraordinarily high values on small parcels. The township implemented that suggested small parcel adjustments as illustrated in the Guidelines. Preliminary analysis based on prior neighborhoods indicated that significant revisions were required and numerous pricing inconsistencies existed. After assigning each parcel to the new neighborhood code, base rates were developed for all classifications. Application of influence factors shall continue until the assessment data is rolled to the Auditor. Residential neighborhoods received minor additional stratification.

Ross, Center, Hobart and St. John TWP's: Commercial and industrial neighborhoods received small adjustments and refinements based on usage and valuation. Growth impacted several areas as well. New base rates were established as needed, influence was re-examined as well as pricing mechanisms. On the residential side, growth was the major factor affecting neighborhoods, with general refinements and additional stratification as compared to 2006.

Cedar Creek, Eagle Creek, West Creek, Hanover, Winfield TWP's: Growth in some areas lead to significant numbers of new residential neighborhoods. Nothing occurred on the commercial/industrial spectrum.

Step 2: Calculation of New Land Values

As described above, all C&I base rates in North & Calumet were-calculated from scratch. This also occurred in the newly designated areas of the other major townships. On the Residential side, land values were tweaked in the older areas as needed for consistency. Obviously the newly demarcated market areas received base rate & influence factors as needed based on sales and/or comparables. The smaller townships with residential growth had numerous vacant land sales to utilize.

Unfortunately, despite huge numbers of supposed "vacant" parcels in the established townships (Calumet, Hobart, North) many are owned by contiguous improved parcels. Thus, they are not truly vacant and are unlikely to sell. If and when time permits, these townships may be able to combine numerous vacant parcels with existing improved parcels to improve assessment performance. However, it's a difficult task.

Step 3: Calculation of New Residential Factors & Residential Studies

Revised market adjustment factors were computed for every neighborhood based on 2005 – 06 valid sales. In some instances, the sales data indicated no change from that used last year (2004-05 sales); in these cases, the land and market adjustment factors were left as-is. Calumet TWP continues to struggle with large numbers of quasi-market transactions and rapid changes in underlying property wealth (in percentage terms)

Step 4: Updated Commercial & Industrial Improvement Values

New commercial and industrial cost table updates were implemented as the basis for updating commercial and industrial improvement values. The county also changed the year of depreciation from 2005 to 2006. A modified Nexus Group Construction Cost Index (NCCIsm) was used to update these cost tables. In addition to the small percentage changes across all use and wall types, some uses were re-examined as a whole (ex. Convenience markets, gas stations, mobile home parks and fast food restaurants) often resulting in sizeable percentage changes. On average, gross costs increased approximately 4-5% between 2005 and 2006. However, adjustments above and below this average was applied for specific use types where more detailed construction costs were available.

Lake County continued to make strides in developing and implementing income and sales based assessment methodologies for commercial & industrial improved property.